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ABSTRACT

This report of the House Committee on Veterans' Affairs contains amendments to the Veterans' Job Training Act (VJTA). The amendments are followed by a history of the bill to extend and authorize additional funding for the VJTA. This history includes background of the bill, a summary of the bill (H.R. 1504), a discussion of the bill (including these sections: extension of time periods for application and initiation of training, authorization of appropriations, training and employment studies and reports, employability training and counseling, funding for state approving agencies, and expansion of the Commission on Veterans' Education Policy), and results of oversight hearings. Attachments are a Congressional Budget Office cost estimate, agency reports, a statement by R. J. Vogel (Chief Benefits Director of the Veterans Administration), and changes in existing law made by the bill, as reported. (YLB)

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100TH CONGRESS *1st Session* | HOUSE OF REPRESENTATIVES | REPORT 100-192

ED287991

VETERANS' EMPLOYMENT AND EDUCATION AMENDMENTS

JUNE 25, 1987.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MONTGOMERY, from the Committee on Veterans' Affairs, submitted the following

REPORT

[To accompany H.R. 1504]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 1504) to amend the Veterans' Job Training Act, having considered the same, reports favorably thereon with an amendment, by unanimous voice vote, and recommends that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Veterans' Employment and Education Amendments of 1987".

SEC. 2. TIME PERIODS FOR APPLICATION AND INITIATION OF TRAINING.

Section 17 of the Veterans' Job Training Act (29 U.S.C. 1721 note) is amended to read as follows:

"TIME PERIODS FOR APPLICATION AND INITIATION OF TRAINING

"SEC. 17. Assistance may not be paid to an employer under this Act—

"(1) on behalf of a veteran who initially applies for a program of job training under this Act after September 30, 1990; or

"(2) for any such program which begins after March 30, 1991.".

SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

Section 16 of the Veterans' Job Training Act (29 U.S.C. 1721 note) is amended—

(1) by striking out "and" the second place it appears in the first sentence and inserting in lieu thereof a comma;

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(2) by inserting after "1986" in the first sentence the following: ", $30,000,000 for fiscal year 1987, and $60,000,000 for each of the fiscal years 1988, 1989, and 1990"; and

(3) by striking out "1988" in the second sentence and inserting in lieu thereof "1992".

SEC. 4. TRAINING AND EMPLOYMENT STUDIES AND REPORTS.

(a) IMPLEMENTATION OF THE VETERANS' JOB TRAINING ACT—The Administrator of Veterans' Affairs and the Secretary of Labor shall conduct a study of the implementation of the Veterans' Job Training Act and shall transmit to the Congress, within 90 days after the date of the enactment of this Act, a report containing the findings and conclusions of such study, including—

(1) a listing, by regional office and by State, of the number of veterans placed in a program of job training under the Veterans' Job Training Act and the percentage that this number represents of the total number of veterans certified (not including renewal of certifications), by regional office and by State, as eligible for participation under such Act;

(2) a description, by regional office and by State, of the demographic nature (including race, sex, age, educational level, income before placement, and income after placement) of veterans placed in a program of job training under such Act;

(3) a description, by regional office and by State, of the demographic nature (including, race, sex, age, educational level, and income) of veterans certified as eligible for participation under such Act but not placed in a job training program;

(4) an analysis of the reasons that veterans certified as eligible for participation have not been placed in a program of job training under such Act;

(5) a listing, by regional office and by State, of the number of veterans who were certified as eligible for participation under such Act and were not placed in a program of job training under such Act but were later placed in another job training program or employment;

(6) a description, by regional office and by State, of the rate at which veterans have discontinued participation in, without completing, a program of job training under such Act, with a separate rate stated for those who discontinued within 3 months after beginning such a program, those who discontinued within 3 to 6 months after such beginning, and those who discontinued within 6 to 9 months after such beginning;

(7) an analysis of the major reasons for veterans failing to complete such a training program;

(8) a ranking of the 25 categories of employers who have most frequently been denied approval under such Act of a program of job training, with such ranking being made on the basis of the number of such denials for each such category; and

(9) a ranking of the 25 categories of employment in which veterans have most frequently received employment as a result of a program of job training under such Act, with such ranking being made on the basis of the number of jobs provided in each such category.

(b) DISPLACED WORKERS.—(1) The Administrator of Veterans' Affairs shall conduct a study to determine the following:

(A) The number of veterans who are unemployed as a result of a permanent closure of a plant or other facility or any substantial portion thereof.

(B) The percentage of these veterans who are disabled.

(C) The degree of concentration of these veterans in the different geographical areas of the country.

(D) The types of employment in which these veterans were engaged on a regular basis before their current unemployment.

(2) The Administrator shall, within 180 days of the date of the enactment of this Act, transmit a report to the Congress of the findings and conclusions of the study carried out under this section.

SEC. 5. COUNSELING.

(a) IN GENERAL.—Section 14(a) of the Veteran's Job Training Act is amended—

(1) by striking out "The" and inserting in lieu thereof "(1) The"; and

(2) by adding at the end the following:

"(2) The Administrator shall, after consultation with the Secretary, provide a program of employability training and counseling services designed to assist veterans in finding, applying for, and successfully participating in a suitable program of job training under this Act. As part of providing such services, the Administrator shall coordinate them, to the extent practicable, with the readjustment counseling program described in section 612A of title 38, United States Code. The Administrator shall advise veterans participating under this Act of the availability of such services and encourage them to request such services whenever appropriate.".

(b) FUNDING.—Section 16 of such Act is amended by adding at the end the following: "Not less than 5 percent of any amount appropriated pursuant to this section after June 3, 1987, shall be made available for counseling services under section 14

of this Act, especially with respect to the program established under subsection (a)(2) of such section.".

SEC. 6. CERTAIN PAYMENTS TO STATE AND LOCAL AGENCIES.

Section 1774(a) of title 38, United States Code, is amended—

(1) by striking out "The" in the first sentence and inserting in lieu thereof "(1) Subject to paragraphs (2) through (4) of this subsection, the"; and

(2) by adding at the end the following new paragraphs:

"(2)(A) The Administrator shall, beginning with fiscal year 1988, make payments to State and local agencies, out of amounts available for the payment of readjustment benefits, for reasonable and necessary expenses of salary and travel incurred by employees of such agencies in carrying out contracts entered into under this section.

"(B) The Administrator shall make such a payment to an agency within a reasonable time after the agency has submitted a report pursuant to paragraph (3) of this subsection.

"(C) Subject to paragraph (4) of this subsection, the amount of any such payment made to an agency for any period shall be equal to the amount of reasonable and necessary expenses of salary and travel certified by such agency for such period in accordance with paragraph (3) of this subsection.

"(3)(A) Each State and local agency with which a contract is entered into under this section shall submit a report to the Administrator on a monthly or quarterly basis, as determined by the agency, containing a certification of the reasonable and necessary expenses incurred for salary and travel by such agency under such contract for the period covered by the report. Such report shall be submitted in such form and manner as the Administrator shall prescribe.

"(B) The Administrator shall transmit a report to the Congress on a quarterly basis which summarizes—

"(i) the amounts for which certifications were made by State and local agencies in the reports submitted with respect to the quarter for which the report is made; and

"(ii) the amounts of the payments made by the Administrator with respect to such certifications.

"(4) The total amount made available under this section for any fiscal year may not exceed $12,000,000. For any fiscal year in which the total amount that would be made available under this section would exceed $12,000,000 except for the provisions of this paragraph, the Administrator shall provide that each such agency shall receive the same percentage of $12,000,000 as such agency would have received of the total amount that would have been made available without the limitation of this paragraph.".

SEC. 7. COMMISSION ON VETERANS' EDUCATION POLICY.

Section 320(a)(3) of the Veterans' Benefits Improvement and Health-Care Authorization Act of 1986 (Public Law 99-576; 100 Stat. 3248) is amended by inserting "the Assistant Secretary of Defense for Force Management and Personnel" after "paragraph (2)(A),".

Amend the title so as to read: "A bill to provide for improvements in veterans' employment and education programs.".

INTRODUCTION

On March 10, 1987, the Honorable Wayne Dowdy, chairman of the Subcommittee on Education, Training and Employment, introduced H.R. 1504, a bill to extend and authorize additional funding for the Veterans' Job Training Act (VJTA).

The Subcommittee on Education, Training and Employment held a hearing on March 18, 1987, to review VJTA and determine if further changes in the program, in addition to those provided under H.R. 1504 as introduced, would be necessary to maximize the effectiveness of the program. Witnesses included: Mr. Mark Moseley, President, Mark Moseley's Travel accompanied by Mr. Paul Lieberman and Mr. John P. Clark; Mr. Jack Radtke, Urban Revitalization, Inc. of America; Mr. Thomas H. Dyson, Executive Director, Mississippi Employment Security commission accompanied by Mr. Robert H. Morgan; Mr. Paul S. Egan, The American Legion, accom-

panied by Mr. Dennis K. Rhoades; Mr. James Bourie, AMVETS; Mr. Ronald W. Drach, Disabled American Veterans; Mr. Richard W. Johnson, The Non-Commissioned Officers Association of the USA; and Mr. Robert Moran, Paralyzed Veterans of America. Also testifying were: Mr. Gordon Thorson, VFW, accompanied by Mr. Robert Jones; Mr. Richard F. Weidman, Vietnam Veterans of America; Mr. Grady Horton, Veterans Administration, accompanied by Dr. Dennis R. Wyant; and Mr. Donald E. Shasteen, Department of Labor.

The Subcommittee on Education, Training and Employment met on June 3, 1987, and unanimously recommended H.R. 1504, as amended, to the full committee. On June 10, 1987, the full committee approved H.R. 1504, as amended, and ordered the bill reported.

Summary of H.R.1504 As Amended

The reported bill would:

1. Extend the deadline by which a veteran must apply to participate in the on-the-job training program for Vietnam Era and Korean Conflict veterans established under VJTA from July 2, 1987, to September 30, 1990.
2. Extend the deadline by which a veteran participant in VJTA must be enrolled in a job training program from January 2, 1988, to March 30, 1991.
3. Authorize appropriations of $30 million for fiscal year 1987, and $60 million for fiscal years 1988, 1989, and 1990 for the VJTA program.
4. Establish a program of employability training and counseling for VJTA participants in order to assist these veterans in finding, applying for, and successfully participating in a suitable program of job training.
5. Require the Administrator of Veterans' Affairs and the Secretary of Labor to conduct an in-depth analysis of the VJTA program.
6. Require the Administrator of Veterans' Affairs to conduct a study to determine, among other things, the number of veterans unemployed as a result of permanent closure of a plant or other facility or any substantial portion of such a facility.
7. Revise the funding process for the State approving agencies (SAAs).
8. Expand the Commission on Veterans' Education Policy to include the Assistant Secretary of Defense for Force Management and Personnel as an ex officio member.

Background

Public Law 98-77, the Veterans' Job Training Act of 1983, established a program of job training assistance to relieve unemployment among Korean conflict and Vietnam Era veterans. This program, popularly referred to as VJTA, was subsequently extended and improved by Public Laws 98-543, 99-108, and 99-238. H.R. 1504 would improve, extend, and authorize additional funding for this very successful program.

The goal of VJTA is to address the problem of severe and continuing unemployment among certain groups of veterans by providing payments to defray the cost of training to employers who hire and train long-term unemployed veterans. Since the inception of the program, over 478,000 veterans have been certified and recertified to participate in VJTA. Over 48,000 have been placed in jobs, and more than 72,000 employers have been approved for participation.

On September 25, 1986, the Veterans' Administration submitted the supplementary report to an extensive study regarding VJTA, in accordance with Senate Report 98-275, which called for an evalution of the program. The study was conducted under contract by Centaur Associates, Inc. This final report (House Committee Print 12, Committee on Veterans' Affairs, 99th Congress, December 1, 1986) which evaluated the impact of VJTA, concluded that the program has produced statistically significant positive effects on the employment rates and earning levels of participating veterans. These positive effects experienced by participants are shared by both the completers of the program and those who did not complete their job training programs. Clearly, VJTA is accomplishing its goal of reestablishing long-term unemployed veterans in our nation's work force.

In testimony before the Subcommittee on Education, Training and Employment, Administration witnesses stated that because national unemployment is down, there is no need to extend the Veterans' Job Training Act. The Committee is pleased that many veterans have reentered the labor force. The fact that others have found work is small comfort, however, to those 380,000 veterans of the Vietnam Era who were still looking for work in May of this year. Their crisis continues and the nation has a responsibility to assist those who have served our country with distinction during times of conflict. Additionally, Department of Labor statistics indicate that fully 26 percent of dislocated workers are veterans and many studies show that one-third to one-half of homeless men have served in the Armed Forces. The Congress is now focusing on ways to assist those in both of these groups as they struggle to reenter the work force. VJTA has proven its effectiveness and should be extended and adequately funded so that this valuable program can continue to assist unemployed veterans in their efforts to find meaningful employment.

Discussion of the Bill

Short Title

Section 1 of H.R. 1504, as reported by the Committee, provides that this Act may be cited as the "Veterans' Employment and Education Amendments of 1987."

Extension of Time Periods for Application and Initiation of Training

Under current law, VJTA terminates for new enrollments on July 2, 1987, and participants must be in a program of job training by January 2, 1988. Section 2 of H.R. 1504, as reported, would extend the date by which a veteran must apply for participation to

September 30, 1990 and extend the deadline by which a VJTA participant must be on the job to March 30, 1991.

Witnesses testifying before the Subcommittee on Education, Training and Employment, both in Washington and at two field hearings, were unanimous, with the exception of Administration witnesses, in their support for an extension of the Veterans' Job Training Act. As pointed out by the witness for the Veterans of Foreign Wars of the United States, "VJTA is the only veterans employment and training program remaining on the books and, most importantly, VJTA is a proven success at providing a much needed service."

The effectiveness of VJTA is confirmed in the September 1986 evaluation of the program conducted by Centaur Associates which, in the following paragraph, summarizes the merits of VJTA:

VJTA has produced statistically significant positive impacts upon the employment rates and the earnings levels of participating veterans in the short-run and in the long-run. These positive impacts experienced by participants are shared, in different ways, by both the completer and drop out subgroups.

The Bureau of Labor Statistics indicates that in April of this year, 381,000 Vietnam Era veterans were unemployed and looking for work. This is an increase of 11,000 veterans unemployed as compared to April 1986. For those veterans in the age group 30–34, the April 1987 unemployment rate was 9.8 percent. Those in the same age group who did not serve in the Armed Forces were unemployed at the much lower rate of 5.0 percent. This disparity in the unemployment rate between veterans and non-veterans is particularly alarming, as is the overall increase in the number of unemployed veterans since last year. Additionally, the Veterans' Administration's storefront counseling centers, the Vet Centers, report that over 40 percent of the veterans seeking help from that program are experiencing employment difficulties. Clearly, veterans' need for employment assistance continues, and the program established under the Veterans' Job Training Act has proven to be an effective means of meeting veterans' employment needs.

Witnesses testifying before the Subcommittee agreed that a major difficulty with VJTA has been its on-again, off-again status. The witness for the Vietnam Veterans of America stated, "This perpetual uncertainty of program life is seen by VVA as one of the primary weaknesses of the VJTA program. As each funding cycle termination and expiration of authorization has approached, or been reached, employer/job developer relationships have slipped, veteran clients have become discouraged, employers have lost faith, and employment program managers have redirected their attention and resources elsewhere." It was also pointed out by The American Legion witness that, "Yearly extensions and underfunding have lengthened the time it has taken to develop the confidence of employers and to refine program operations."

VJTA is an effective employment program which has put over 48,000 long-term unemployed veterans back to work. The need for the program continues and the Committee feels that a three year extension will enhance VJTA by providing program continuity and credibility.

Authorization of Appropriations

Section 3 of the reported bill would authorize the appropriation of $30 million for fiscal year 1987 and $60 million for each of fiscal years 1988, 1989, and 1990. All funds would be available through September 30, 1992.

The Subcommittee held hearings on VJTA in Galesburg, Illinois, and Schererville, Indiana on June 15, 1987. Employers who testified at the hearings had high praise for VJTA and for the veterans they had hired under the program. They encouraged the continuation of VJTA and indicated they would hire another veteran under the program, but they strongly suggested that adequate funding be provided for VJTA. It was pointed out that employers want to fill openings, when they occur, as quickly as possible. They can not and will not wait months to fill a position with a VJTA participant. As with most job programs, VJTA has gone through a period of development since its implementation in 1983, as the employer community has become aware of the program and gained confidence in it. In order to maintain that confidence, the Committee feels that a three year authorization of funds will enable the appropriation process to keep up with the funding needs of VJTA.

VJTA is a cost effective program that deserves adequate funding. In testimony before the Subcommittee, the witness for the Disabled American Veterans pointed out, "Using 1985 as a base year, the report [Centaur] shows that participants averaged $11,800 per annum in wages for 1985 and this resulted in $41,595,000 paid into the Social Security Trust Fund. Using the same base, these individuals will have paid approximately $77,779,000 in federal income taxes. Between public assistance savings, Social Security and income taxes, the Treasury gains almost $132 million." These statistics demonstrate that VJTA is not a drain on the budget. It is a way to increase revenues and put veterans back into the work force. A VJTA employee told the Subcommittee during the field hearing in Galesburg, Illinois, "I feel that I am no longer a tax burden, but a tax payer now. By paying Federal and State taxes I feel that I can maybe contribute to help train another veteran through this program with my tax dollars."

Training and Employment Studies and Reports

Section 4 of H.R. 1504, as reported, would require the Administrator of Veterans' Affairs and the Secretary of Labor to conduct a study of the implementation of the Veterans' Job Training Act to be transmitted to the Congress within 90 days after the date of enactment of this legislation. Although the Centaur report was very valuable, it is the view of the Committee that it did not provide sufficient detailed information with regard to regional statistics and other data. The Committee is not satisfied with the placement rate of veterans under VJTA and is concerned about the comparatively high percentage of veterans who did not complete their programs of job training. In order to effectively address these issues, additional program information is necessary.

The reported bill would also require the Administrator of Veterans' Affairs to conduct a study of dislocated veteran workers and to report to the Congress the findings and conclusions of such study

within 180 days. The object of the study is to provide the Committee with information about dislocated veteran workers sufficient for a thorough examination of VJTA eligibility requirements relative to this group of veterans.

The study would attempt to determine as precisely as possible the number of veterans who are dislocated workers. The Committee intends that the study differentiate between World War II, Korean Conflict, and Vietnam Era veterans. For the purposes of the study, a dislocated worker is defined as one who is unemployed because of a permanent closure of all or a substantial part of a plant or facility. The Committee is particularly interested in information regarding dislocated workers who are disabled veterans.

Other important factual information the study will provide is the geographical distribution of dislocated workers who are veterans and the types of work they did. In order to evaluate the appropriateness of the current eligibility requirement that the veteran be unemployed 10 of the preceding 15 weeks, the study is expected to also examine the average period of time a dislocated worker has been unemployed. To the extent possible, the Administrator is encouraged to utilize already existing sources of data for the study so that it will be timely and efficiently completed.

Employability Training and Counseling

Although VJTA has proven to be an extremely effective, successful program, the Committee is dissatisfied with the number of veterans who do not complete their job training programs, estimated to be nearly 60 percent of those who initiate training under the program. According to the Centaur report, 25 percent of these drop out to accept other jobs while another 25 percent leave the program because of dissatisfaction with their training. Between 30 and 40 percent of the terminations are involuntary and the remainder are voluntary terminations for personal reasons, such as health problems.

Witnesses suggested that a contributing factor to the dropout rate is a lack of counseling or training which addresses the job readiness and skill-matching needs of long-term unemployed veterans. Accordingly, Section 5 of H.R. 1504, as reported, would require the Administrator of Veterans' Affairs, in consultation with the Secretary of Labor, to establish a program of employability training and counseling services for veterans. The goal of this training is to assist veterans in finding, applying for, and successfully participating in a suitable program of job training under VJTA.

The Committee expects that, included in the services provided by the program of employability training, will be those delivered through what are popularly known as Job Clubs. Job Clubs are organized with a group leader/facilitator who provides information on application/resume preparation, interviewing skills, job seeking strategies, and job leads. The group participants support one another with critiques and confidence building.

Employability training should include the following essentials of employability:

—Work, personal and social adjustment;
—Determining realistic employment objectives;
—Gathering information on growth industries;

—Learning how to complete application forms in a thorough and concise manner;
—Developing an effective resume;
—Learning how to write cover letters;
—Conducting a self-directed job search;
—Learning how to follow through on job leads;
—Addresing special concerns related to specific disabilities;
—Marketing strengths and abilities in the job interview;
—Learning how to address adverse issues such as terminations and long breaks of unemployment;
—Career transition techniques;
—Learning how to follow up after job interviews;
—Negotiating salaries;
—Negotiating accommodations;
—Integrated employer participation and critique whenever possible.

It is the intention of the Committee that the Administrator and the Secretary have a great deal of flexibility in implementing this provision of the reported bill. It is expected, however, that, to the degree possible, employability training services will be coordinated with the readjustment counseling program (Vet Centers) described in section 612A of title 38, United States Code. Vet Centers report that at least 40 percent of the veterans who come to them for services indicate they are experiencing employment difficulties. Accordingly, local Vet Center staff should be informed when a Job Club or other employability training program is established in an area. It may be that in some locations a Vet Center would be an appropriate location for a Job Club to meet and Vet Center staff may serve as Job Club counselors. Employment is an important component of the readjustment process and services provided to facilitate employment should, when appropriate, be linked with the Vet Center program. Disabled Veterans Outreach Program specialists (DVOPs) may also be effective Job Club counselors. The Committee stresses that these recommendations are not meant to restrict the ability of the responsible agencies to implement employability training programs which meet the needs of individual communities. When necessary, funds provided for this program of employability training may be used to contract for employment assistance services.

H.R. 1504, amended, requires that not less than 5 percent of any amount appropriated for VJTA, including those funds appropriated for fiscal year 1987, be made available for the employability training and counseling program established by the reported bill.

Funding for State Approving Agencies

Section 6 of the reported bill would provide for a revised funding process for the State approving agencies (SAAs). The SAAs approve courses of education for veterans' educational assistance benefits provided under title 38, USC. The Governor of each State may create or designate a State department or agency as the "State approving agency." If a State declines to create or designate an SAA, the Veterans' Administration will assume the responsibility for approval.

The concept of State approving agencies originated with the World War II GI Bill when the authors recognized the responsibility of the State for the education and training of its citizens. This concept and the intent of Congress to support the concept has occurred in every GI Bill since that time. The Committee believes that the system of approval of educational institutions and training establishments by State approving agencies has proved its worth.

Unfortunately, funding for the SAAs has been reduced dramatically by the Veterans' Administration over the last 5 years. Since fiscal year 1982, the SAA budget has dropped from $13.3 to $9.3 in fiscal year 1987, a reduction of 26 percent. This reduced level of funding seriously threatens the ability of the SAAs to adequately perform their approval function. Accordingly, the Committee believes that legislative action to revise the SAA budget process is necessary.

Section 6 of H.R. 1504, as reported, would revise the SAA funding process by transferring the SAA funding from the Veterans' Administration General Operating Expenses account to the Readjustment Benefits account. Additionally, the VA would be required to fund the reasonable and necessary expenses of State approving agencies up to a cap of $12 million annually.

The Committee believes that this restructuring of the SAA funding process will enable the SAAs to achieve a level of adequate funding, based on reasonable and necessary expenses. The Committee expects that the reports submitted by the SAAs to the Administrator certifying their expenses will fully document their funding needs. It is further expected that, unless the Administrator finds that expenses submitted by the SAAs are not reasonable and necessary, certified expenses will be fully reimbursed by the Administrator.

Expansion of the Commission on Veterans' Education Policy

Section 7 of the reported bill would include the Assistant Secretary of Defense for Force Management and Personnel as an ex officio member of the Veterans' Education Policy established under Public law 99-576. Because of the recent enactment of legislation making the Montgomery GI Bill a permanent program, Public Law 100-48, the Committee feels that the Department of Defense should be represented on this Commission.

Oversight Findings

On June 15, 1987, the Subcommittee on Education, Training and Employment conducted oversight hearings in Galesburg, Illinois, and Schererville, Indiana, to evaluate the implementation and effectiveness of the Veterans' Job Training Act at the "grass roots" level. Witnesses included representatives of the Veterans' Administration, the U.S. Department of Labor, employees of the State of Illinois who have responsibility for veterans' training and employment programs, veterans organizations, VJTA employers and employees, and private industry. Witnesses expressed strong support for the continuation of VJTA and urged that adequate funding for the program be provided.

No oversight findings have been submitted to the Committee by the Committee on Government Operations.

Inflationary Impact Statement

The reported bill will have no inflationary impact.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The following letter was received from the Congressional Budget Office concerning the cost of the reported bill.

CONGRESSIONAL BUDGET OFFICE
U.S. CONGRESS
WASHINGTON, D.C. 20515

June 23, 1987

Honorable G.V. (Sonny) Montgomery
Chairman
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the attached cost estimate for H.R. 1504, a bill to amend the Veterans' Job Training Act, as ordered reported by the House Committee on Veterans' Affairs, June 10, 1987.

Should you so desire, we would be pleased to provide further details on the attached cost estimate. The staff contact is Marianne Deignan (226-2820).

With best wishes,

Sincerely,

Edward M. Gramlich
Acting Director

cc: Honorable Gerald B. Solomon
Ranking Minority Member

CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 23, 1987

1. BILL NUMBER: H.R. 1504.

2. BILL TITLE:

Veterans' Employment and Education Amendments of 1987.

3. BILL STATUS:

As ordered reported by the House Committee on Veterans' Affairs, June 10, 1987.

4. BILL PURPOSE:

To extend and authorize additional appropriations for the Veterans' Job Training Act, to switch the reimbursement for certain travel and salary expenses to state and local agencies from general operating expenses to money available for readjustment benefits and to authorize a study on training and employment and a report on dislocated workers.

5. ESTIMATED COST TO THE FEDERAL GOVERNMENT:

(by fiscal years, in millions of dollars)

	1987	1988	1989	1990	1991	1992
Veterans' Job Training						
Authorization Level	30	60	60	60	---	---
Estimated Outlays	2	69	60	60	19	0
Reimbursement for Travel and Salary						
Estimated Authorization Level	0	0	0	-*	-1	-1
Estimated Outlays	0	0	0	-*	-1	-1
Studies and Reports						
Estimated Authorization Level	0	1	*	0	0	0
Estimated Outlays	0	1	*	0	0	0

(by fiscal years, in millions of dollars)

	1987	1988	1989	1990	1991	1992
TOTAL						
Estimated Authorization Level	30	61	60	60	-1	-1
Estimated Outlays	2	70	60	60	18	-1

* less than $500,000.

The costs of this bill would fall within budget function 700.

Basis of Estimate

The bill would authorize appropriations of $30 million for fiscal 1987 and $60 million for each of fiscal years 1988, 1989 and 1990. Outlays are estimated using historical spendout rates for the account and are adjusted for the timing of the 1987 authorization of appropriations.

The bill would also extend the date for which a veteran must initially apply for training to October 1, 1990. In addition, an eligible veteran would have to begin training before April 1, 1991. Neither of these changes, by themselves, would effect estimated costs.

Currently, state and local agencies are reimbursed out of the general operating expenses account for travel and salary expenses incurred in carrying out contracts to supervise and determine the appropriateness of education programs for veterans. Beginning in fiscal 1988, these expenses would be reimbursed out the amounts available for payment of readjustment benefits and would be capped at $12 million per year. CBO estimates that under current law the reimbursement for expenses would increase with inflation and would hit the cap beginning in 1990.

The bill also provides for at least a 5 percent set aside for counseling to assist veterans in participating in the job training program. There is no federal cost to this provision.

Estimates for the two studies on training and employment and dislocated workers were done based on information from the Veterans' Administration on the cost of previous studies done on the Veterans' Job Training Act.

6. ESTIMATED COST TO STATE AND LOCAL GOVERNMENT:

The budgets of state and local governments would be affected by enactment of this bill to the extent that the $12 million dollar cap on reimbursement for travel and salary expenses reduces the amount of money available to state and local agencies. CBO estimates that this amount, for all state and local governments together, would be less than $500,000 in 1990 and approximately $1 million in 1991 and 1992.

7. ESTIMATE COMPARISON: None.

8. PREVIOUS CBO ESTIMATE: None.

9. ESTIMATE PREPARED BY: Marianne Deignan (226-2820).

10. ESTIMATE APPROVED BY:

for James L. Blum
Assistant Director
for Budget Analysis

AGENCY REPORTS

On May 13, 1987, the Committee received the following letter from the VA on H.R. 1504.

Office of the Administrator of Veterans Affairs

Washington DC 20420

Veterans Administration

MAY 13 1987

Honorable G. V. (Sonny) Montgomery
Chairman, Committee on Veterans' Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am pleased to respond to your request for the views of the Veterans Administration and our estimate of costs concerning H.R. 1504, a bill "To amend the Veteran's Job Training Act."

Mr. R. J. Vogel, Chief Benefits Director, presented a statement of our opposition to the subject bill when he testified before your Committee's Subcommittee on Education, Training and Employment on March 18, 1987. For your convenience, we are enclosing a copy of Mr. Vogel's prepared statement.

We estimate the enactment of H.R. 1504 would result in additional obligations for benefits of $15 million for Fiscal Year 1987, $45 million for Fiscal Year 1988, and $45 million for Fiscal Year 1989. This assumes an average obligation of $5,000 for each additional veteran entering an approved Veterans' Job Training Act program, and continuation of current utilization rates of the program.

The Office of Management and Budget advises that there is no objection from the standpoint of the Administration's program to the submission of this report on H.R. 1504 to the Congress.

Sincerely,

THOMAS K. TURNAGE
Administrator

Enclosure

STATEMENT OF

R. J. VOGEL

CHIEF BENEFITS DIRECTOR

VETERANS ADMINISTRATION

BEFORE THE

SUBCOMMITTEE ON EDUCATION, TRAINING

AND EMPLOYMENT

HOUSE OF REPRESENTATIVES

MARCH 18, 1987

Mr. Chairman and members of the Subcommittee:

I am pleased to be here today to share with you the views of the Veterans Administration on a draft bill that would extend the Veterans' Job Training Act (VJTA) and authorize additional funding for this program. Specifically, the bill would extend the date before which an individual must initially apply for a program of job training to October 1, 1989. Also, under the terms of this proposal, the veteran would have to begin a program of job training before April 1, 1990. This measure would authorize additional funding of $30 million for Fiscal Year 1987 and $60 million for each of Fiscal Years 1988 and 1989, to remain available until September 30, 1991. Under the current legislation, veterans must apply by July 2, 1987, and must begin a program of job training by January 2, 1988.

In your letter of invitation, Mr. Chairman, you made reference to the congressionally-mandated study of the VJTA. This was the study conducted by Centaur Associates, Inc. In September 1986, Centaur issued its final report. Some of the highlights from the report are as follows:

* 20 percent of trainees completed their training and were still employed by the training organization 16 months following completion of the training.

* of the 20 percent still with their training organizations, about one-third have received promotions.

* only 40 percent of the trainees complete their training program

* those who participated, both completers and noncompleters, earned about $2,200 more during the year following their training than it is estimated they would have earned absent program participation

* completers trained an average of 8 1/2 months, while dropouts are in training for only 3 1/2 months on the average

* completers receive an average hourly wage of $6.60 during training

* the average cost per participant is $3,000;
  the average cost per completer is $5,000;
  the average cost per dropout is $2,000

Mr. Chairman, since the enactment of the program in August 1983, through February 1987, 47,279 veterans have been placed in training positions under the VJTA. Just about $170 million have been obligated through the same date. Also, through the same date, the number of employer applications that were approved stood at 70,839.

Mr. Chairman, we understand that the Treasury Department recently wrote you of its position that Public Law 98-543 extended the availability of those funds appropriated for the VJTA during Fiscal Year 1984 until September 30, 1987. We estimate that this determination will release to the VA some $6 to $8 million which should eliminate the current waiting list of persons eligible to commence a training program.

Has this program been successful? I believe that the evidence is mixed. Although the Centaur report shows a short-term effect on earnings and employment for those who complete

training, the dropout rate remains very high. Programs administered by the Department of Labor under the Job Training Partnership Act (Titles IIA and III) have completion rates of approximately 70 percent. A GAO survey showed that the Title III program for dislocated workers results in new employment for 69 percent of the participants, with an average starting wage of $6.93 per hour for veterans served.

Let me just note here that some of the positive features in the VJTA program have been due in part to cooperation and coordination in the Federal Government. With this program, we have been fortunate in having a solid working relationship with the Department of Labor.

Mr. Chairman, the question remains as to the current and future utility of the VJTA. There are several bills under consideration that extend and expand the provisions of the VJTA. We do not recommend that an extension be enacted. First, as discussed above, the program has had very mixed results, particularly compared to other job training programs. Second, the Administration has proposed a $1 billion job training program for dislocated workers that will certainly serve a large number of veterans. Finally, Labor Department statistics on unemployment rates show that there is no longer a need for a separate job training program for veterans.

Please note that the figures that follow are "not seasonally adjusted" figures. In February of 1987, the umemployment rate for all veterans stood at 5.5 percent and 8.4 percent for non-veterans. Looking more specifically at age categories, we find that for Vietnam era veterans in the age category 35 to 39, the unemployment rate is 5.3 percent. In the 40 to 44 year range, it stands at 4.4 percent. For nonveterans in the 35 to 39 category, the rate is 5.7 percent.

As indicated by these statistics, while there are unemployment problems among veterans, the worst problems now are not being experienced by those Korean and Vietnam era veterans whom this bill was designed to help, and has helped. In fact, the unemployment problem for the VJTA's target category has substantially diminished. Since this is the case, we do not favor an extension of the VJTA.

Mr. Chairman, that concludes my formal statement. I would be pleased to respond to any questions you or members of the Subcommittee may have.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

VETERANS' JOB TRAINING ACT

* * * * * * *

COUNSELING

SEC. 14. (2)(1) The Administrator and the Secretary may, upon request, provide employment counseling services to any veteran eligible to participate under this Act in order to assist such veteran in selecting a suitable program of job training under this Act.

(2) The Administrator shall, after consultation with the Secretary, provide a program of employability training and counseling services designed to assist veterans in finding, applying for, and successfully participating in a suitable program of job training under this Act. As part of providing such services, the Administrator shall coordinate them, to the extent practicable, with the readjustment counseling program described in section 612A of title 38, United States Code. The Administrator shall advise veterans participating under this Act of the availability of such services and encourage them to request such services whenever appropriate.

* * * * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 16. There is authorized to be appropriated to the Veterans' Administration $150,000,000 for each of fiscal years 1984 and 1985 [and], *$65,000,000 for fiscal year 1986, $30,000,000 for fiscal year 1987, and $60,000,000 for each of the fiscal years 1988, 1989, 1990* for the purpose of making payments to employers under this Act and for the purpose of section 18 of this Act. Amounts appropriated pursuant to this section shall remain available until September 30, [1988.] *1992. Not less than 5 percent of any amount appropriated pursuant to this section after June 3, 1987, shall be made available for counseling services under section 14 of this Act, especially with respect to the program established under subsection (a)(2) of such section.*

[TERMINATION OF PROGRAM

[SEC. 17. (a) Except as provided in subsection (b), assistance may not be paid to an employer under this Act—

[(1) on behalf of a veteran who initally applies for a program of job training under this Act after January 31, 1987; or

[(2) for any such program which begins after July 31, 1987.

[(b) If funds for fiscal year 1986 are appropriated for the purpose of making payments to employers under this Act but are not both so appropriated and made available by the Director of the Office of Management and Budget to the Veterans' Administration

on or before February 1, 1986, for such purpose, assistance may be paid to an employer under this Act on behalf of a veteran if the veteran—

[(1) applies for a program of job training under this Act within 1 year after the date on which funds so appropriated are made available to the Veterans' Administration by the Director; and

[(2) begins participation in such program within 18 months after such date].

TIME PERIODS FOR APPLICATION AND INITIATION OF TRAINING

SEC. 17. Assistance may not be paid to an employer under this Act—

(1) on behalf of a veteran who initially applies for a program of job training under this Act after September 30, 1990; or

(2) for any such program which begins after March 30, 1991.

SECTION 1774 OF TITLE 38, UNITED STATES CODE

§1774. Reimbursement of expenses

(a) [The] *(1) Subject to paragraphs (2) through (4) of this subsection, the* Administrator is authorized to enter into contracts or agreements with State and local agencies to pay such State and local agencies for reasonable and necessary expenses of salary and travel incurred by employees of such agencies and an allowance for administrative expenses in accordance with the formula contained in subsection (b) of this section in (1) rendering necessary services in ascertaining the qualifications of educational institutions for furnishing courses of education to eligible persons or veterans under this chapter and chapters 34 and 35 of this title, and in the supervision of such educational institutions, and (2) furnishing, at the request of the Administrator, any other services in connection with chapters 34 and 35 of this title. Each such contract or agreement shall be conditioned upon compliance with the standards and provisions of chapters34 and 35 of this title. The Administrator may also reimburse such agencies for work performed by their subcontractors where such work has a direct relationship to the requirements of chapter 32, 34, 35, or 36 of this title, and has had the prior approval of the Administrator.

(2)(A) The Administrator shall, beginning with fiscal year 1988, make payments to State and local agencies, out of amounts available for the payment of readjustment benefits, for reasonable and necessary expenses of salary and travel incurred by employees of such agencies in carrying out contracts entered into under this section.

(B) The Administrator shall make such a payment to an agency within a reasonable time after the agency has submitted a report pursuant to paragraph (3) of this subsection.

(C) Subject to paragraph (4) of this subsection, the amount of any such payment made to an agency for any period shall be equal to the amount of reasonable and necessary expenses of salary and

travel certified by such agency for such period in accordance with paragraph (3) of this subsection.

(3)(A) Each State and local agency with which a contract is entered into under this section shall submit a report to the Administrator on a monthly or quarterly basis, as determined by the agency, containing a certification of the reasonable and necessary expenses incurred for salary and travel by such agency under such contract for the period covered by the report. Such report shall be submitted in such form and manner as the Administrator shall prescribe.

(B) The Administrator shall transmit a report to the Congress on a quarterly basis which summarizes—

(i) the amounts for which certifications were made by State and local agencies in the reports submitted with respect to the quarter for which the report is made; and

(ii) the amounts of the payments made by the Administrator with respect to such certifications.

(4) The total amount made available under this section for any fiscal year may not exceed $12,000,000. For any fiscal year in which the total amount that would be made available under this section would exceed $12,000,000 except for the provisions of this paragraph, the Administrator shall provide that each such agency shall receive the same percentage of $12,000,000 as such agency would have received of the total amount that would have been made available without the limitation of this paragraph.

* * * * * * *

SECTION 320 OF THE VETERANS' BENEFITS IMPROVEMENT AND HEALTH-CARE AUTHORIZATION ACT OF 1986

SEC. 320. COMMISSION TO ASSESS VETERANS' EDUCATION POLICY.

(a) ESTABLISHMENT AND MEMBERS.—(1) * * *

* * * * * * *

(3) The Administrator of Veterans' Affairs, the ex officio members of the Advisory Committee on Education referred to in paragraph (2)(A), *the Assistant Secretary of Defense for Force Management and Personnel* and the chairmen and ranking minority members of the Committees (or, in the case of any such individual, a designee of any such individual) shall be ex officio, nonvoting members of the Commission.

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